Distr.
GENERAL

IDB.25/8
3 May 2002

United Nations Industrial Development Organization

ORIGINAL: ENGLISH

Industrial Development Board

Twenty-fifth session
Vienna, 15-16 May 2002
Item 4 of the provisional agenda

FINANCIAL SITUATION OF UNIDO

Proposed payment plan for Azerbaijan

Note by the Secretariat

Draws to the attention of the Board a letter from Azerbaijan proposing a payment plan for the settlement of its arrears.

1. On 3 May 2002 the Director-General received a letter from the Permanent Mission of Azerbaijan regarding the settlement of its arrears through a payment plan over a period of 10 years. The full text of the letter, dated 29 April 2002, is provided in annex I to the present document. A draft payment plan prepared in accordance with that request is attached as annex II.

ACTION REQUIRED OF THE BOARD

2. The Board may wish to consider the request made by Azerbaijan and make a decision thereon.

V.02-54122 (E)

Distr.: 6 May 2002

Annex I

LETTER FROM THE PERMANENT MISSION OF AZERBAIJAN

Permanent Mission
of the Republic of Azerbaijan
to the International Organisations
in Vienna

No. 565/16/11

Vienna, April 29, 2002

Excellency,

I have the honour to refer to your letter dated 28 February 2002 regarding the settlement of arrears of the Republic of Azerbaijan to the United Nations Industrial Development Organization.

My Government would like to take up full membership in the endeavours as well as in the decision-making process of the Organization. Despite facing economic difficulties and after close evaluation of the given circumstances, my Government would like to propose to settle its arrears through a payment plan agreement of a 10-years'duration, taking into account the fact that the arrears accumulated by Azerbaijan emerged due to reasons beyond its control. It wishes to address the Industrial Development Board for approving the plan as well as to consider restoring its right to vote. It is the understanding that the payment plan agreement will come into effect once it has been signed by both parties and the first instalment has been made. The Government undertakes to pay the foreseen amounts according to the schedule of instalments indicated. Should, for any reason, the instalments not be paid in accordance with the terms of the payment plan, voting right will be suspended.

It would be appreciated if the UNIDO Secretariat could present this proposal to the forthcoming Industrial Development Board for its consideration and relevant action.

I avail myself of this opportunity to renew to you the assurances of my highest consideration.

Sincerely yours,

[*Signed*]
Amb. Vaqif Sadiqov
Permanent Representative

H.E. Mr. Carlos Alfredo Magariños
Director-General
United Nations Industrial Development Organisation
Vienna

Annex II

DRAFT AGREEMENT BETWEEN THE UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION AND THE GOVERNMENT OF THE REPUBLIC OF AZERBAIJAN REGARDING OUTSTANDING ASSESSED CONTRIBUTIONS UNDER A PAYMENT PLAN

1. The United Nations Industrial Development Organization (hereinafter "UNIDO") and the Government of the Republic of Azerbaijan (hereinafter "the Government") have agreed to a payment plan which will enable the Government to settle its arrears of outstanding assessed contributions in accordance with decision ... adopted on ..... by ..... .

2. The total outstanding assessed contributions owed by the Government to UNIDO, at the date of this Agreement, is € 1,269,247 (arrears of 1993-2001: € 1,265,905 and 2002 contribution: € 3,342). Details are shown in the attached Annex A and made an integral part hereof.

3. The Government undertakes to pay the above amount (€ 1,269,247), as well as future years' assessed contributions (2003 onwards), in instalments over a period of ten years from the date of this Agreement. These amounts are to be transferred to the following UNIDO bank accounts:

(a) Euro: UNIDO EURO Account No.: 0029-05107/00
IBAN No.: AT79 1100 0002 9051 0700
Creditanstalt AG, VIC Branch, A-1400 Vienna, Austria

or

(b) US Dollar:* UNIDO/IDF Account No.: 949-2-416442
JPMorgan Chase, International Agencies Banking, ABA No.: 021 000 021
1166 Avenue of the Americas, 17th floor, NY 10036-2708, New York, USA

4. The Government undertakes to discharge its payment obligations in accordance with the following schedule of payments, and also undertakes to pay its future assessed contributions in full and on time in accordance with the UNIDO financial regulations:

Payment Date	Arrears Euros	Current Year's Contributions in Euros	Total Euros
Within two months upon approval of this Agreement	126,591	3,342	€ 129,933
By 31 May 2003	126,591	3,342	€ 129,933
By 31 May 2004	126,591	**	
By 31 May 2005	126,591	**	
By 31 May 2006	126,591	**	
By 31 May 2007	126,590	**	
By 31 May 2008	126,590	**	
By 31 May 2009	126,590	**	
By 31 May 2010	126,590	**	
By 31 May 2011	126,590	**	
Total	**1,265,905**		

* *Note:* US dollars would be converted to Euros at the prevailing United Nations rate of exchange at the time payment is received.

** Contributions to be determined by the General Conference approval of the scale of assessments and the programme and budget.

5. A delay of more than three months by the Government in the payment of each individual instalment due shall be considered as non-compliance with this Agreement and shall be reported to the governing bodies.

6. All communications required under this Agreement shall be in writing and addressed as follows:

For the Government:

For UNIDO: Director and Treasurer, Financial Services Branch, Division of Administration
P.O. Box 300, A-1400 Vienna, Austria

7. This Agreement shall enter into force upon signature by the Parties.

The undersigned, being duly authorized thereto, have signed the present Agreement in three copies in English.

For the Government of Azerbaijan: _____

Name:

Functional Title:

At:

On this ..... day of .....2002.

For the United Nations Industrial Development Organization: _____

Name:

Functional Title:

At:

On this ..... day of .....2002.

Annex A

United Nations Industrial Development Organization

CONTRIBUTIONS TO THE REGULAR BUDGET FOR 2002

(Amounts in Euros)

Net UNIDO regular budget requirements for the 2002-2003 biennium in accordance with General Conference decision GC.9/Dec.17	€	133,689,800
Total assessment for 2002	€	**66,844,900**
Level of **Working Capital Fund** in accordance with General Conference decision GC.9/Dec.13	€	7,423,030

AZERBAIJAN

Rate of assessment applicable in accordance with General Conference decision GC.9/Dec.10 0.0060%

Outstanding year(s)

		Euros
Regular budget contribution for	2002	4,011
Credits, if applicable:*		-669
Net regular budget contribution for 2002:		3,342
UNPAID PRIOR YEARS		
	1993	117,224
	1994	300,913
	1995	300,913
	1996	156,909
	1997	144,129
	1998	112,956
	1999	112,956
	2000	10,324
	2001	10,324
Working Capital Fund adjustment:		-743
Overpayment from 2001, if applicable:		0
Total contribution payable**		**1,269,247**

Notice date: 14 December 2001 **Payment due date: 1 January 2002**

* Credits arising from distribution of the unencumbered balances of appropriations, income from new Member States and interest income in excess of budgetary estimates (share of Japan) – annex to GC.9/Dec.10.

** In accordance with financial regulation 5.5(b) of UNIDO, full payments are due within 30 days of receipt of this communication or as of 1 January 2002, whichever is later.

Note: In accordance with General Conference decision GC.9/Dec.15, unpaid prior years' contributions have been converted to euros at the following rates: EUR 1 = ATS 13.7603, and USD 1 = EUR 1.123.